

## HUMAN SERVICES DEPARTMENT[441]

### Adopted and Filed Emergency

Pursuant to the authority of Iowa Code section 249A.4 and 2011 Iowa Acts, House File 649, section 10, subsection 20(a), the Department of Human Services amends Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” Iowa Administrative Code.

These amendments eliminate reimbursement for the costs of graduate medical education in the calculation of Medicaid reimbursement for acute hospital inpatient and outpatient services provided by hospitals outside of Iowa. 2011 Iowa Acts, House File 649, passed by the Eighty-Fourth General Assembly allows the Department to implement the Medicaid cost containment strategies recommended by Governor Branstad. This change is one of the recommended strategies.

The Council on Human Services adopted these amendments on August 10, 2011.

The Department finds that notice and public participation are impracticable because the Department’s appropriation for the fiscal year beginning July 1, 2011, assumes the implementation of the cost containment strategies recommended by the Governor without a delay for notice and public comment. Therefore, these amendments are filed pursuant to Iowa Code section 17A.4(3).

The Department also finds, pursuant to Iowa Code section 17A.5(2)“b”(1), that the normal effective date of these amendments should be waived, as authorized by 2011 Iowa Acts, House File 649, section 10, subsection 20(a).

These amendments are also published herein under Notice of Intended Action as **ARC 9713B** to allow for public comment.

These amendments do not provide for waivers in specified situations because the savings assumed in the Department’s appropriations will not be achieved if waivers are provided. Requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 249A.4 and 2011 Iowa Acts, House File 649, section 10, subsection 20(a).

These amendments became effective September 1, 2011.

The following amendments are adopted.

ITEM 1. Amend subparagraph **79.1(5)“m”(3)** as follows:

(3) If a hospital qualifies for reimbursement for direct medical education or indirect medical education under Medicare guidelines, it shall be reimbursed according to paragraph 79.1(5)“y.” Out-of-state hospitals do not qualify for direct medical education or indirect medical education payments pursuant to paragraph 79.1(5)“y.”

ITEM 2. Amend paragraph **79.1(5)“y”** as follows:

y. *Graduate medical education and disproportionate share fund.* Payment shall be made to ~~all~~ hospitals qualifying for direct medical education, indirect medical education, or disproportionate share payments directly from the graduate medical education and disproportionate share fund. The requirements to receive payments from the fund, the amounts allocated to the fund, and the methodology used to determine the distribution amounts from the fund are as follows:

(1) Qualifying for direct medical education. ~~Hospitals~~ Iowa hospitals qualify for direct medical education payments if direct medical education costs that qualify for payment as medical education costs under the Medicare program are contained in the hospital’s base year cost report and in the most recent cost report submitted before the start of the state fiscal year for which payments are being made. Out-of-state hospitals do not qualify for direct medical education payments.

(2) and (3) No change.

(4) Qualifying for indirect medical education. ~~Hospitals~~ Iowa hospitals qualify for indirect medical education payments from the fund when they receive a direct medical education payment from Iowa Medicaid and qualify for indirect medical education payments from Medicare. Qualification for indirect

medical education payments is determined without regard to the individual components of the specific hospital's teaching program, state ownership, or bed size. Out-of-state hospitals do not qualify for indirect medical education payments.

(5) to (10) No change.

ITEM 3. Amend paragraph **79.1(16)“k”** as follows:

*k. Payment to out-of-state hospitals.* Out-of-state hospitals providing care to members of Iowa's Medicaid program shall be reimbursed in the same manner as Iowa hospitals, except ~~that APC payment amounts for out-of-state hospitals may be based on either the Iowa statewide base APC rate or the Iowa blended base APC rate for the out-of-state hospital~~ as provided in subparagraphs (1) and (2).

(1) No change.

(2) ~~If an out-of-state hospital qualifies for reimbursement for direct medical education under Medicare guidelines, it shall qualify for such reimbursement from the Iowa Medicaid program for services to Iowa Medicaid members.~~ Out-of-state hospitals do not qualify for direct medical education payments pursuant to paragraph 79.1(16)“v.”

ITEM 4. Amend paragraph **79.1(16)“v”** as follows:

*v. Graduate medical education and disproportionate share fund.* Payment shall be made to all hospitals qualifying for direct medical education directly from the graduate medical education and disproportionate share fund. The requirements to receive payments from the fund, the amount allocated to the fund and the methodology used to determine the distribution amounts from the fund are as follows:

(1) Qualifying for direct medical education. ~~Hospitals~~ Iowa hospitals qualify for direct medical education payments if direct medical education costs that qualify for payment as medical education costs under the Medicare program are contained in the hospital's base year cost report and in the most recent cost report submitted before the start of the state fiscal year for which payments are being made. Out-of-state hospitals do not qualify for direct medical education payments.

(2) and (3) No change.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 9/7/11.